



LDC II

INFORMATION NOTE ON THE PREPARATORY PROCESS FOR THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

UNCTAD AND THE LEAST DEVELOPED COUNTRIES

UNCTAD has played a pioneering role in efforts to provide for special measures in favour of the least among the developing countries. Special attention to what were then called the "less developed" countries was given at the first session of UNCTAD in 1964 and has gathered momentum since. The creation of a specific list of Least Developed Countries (LDCs) permitted the undertaking of more focused analytical work regarding special measures in their favour. This paved the way for the Substantial New Programme of Action for the 1980s (SNPA) which was adopted by the first United Nations Conference on the LDCs in 1981. The SNPA essentially reflected a two-pronged approach based on LDCs and donor commitments complementary to each other.

The term "least developed countries" applies to countries meeting certain economic and social criteria, namely low income (the most recently - in 1988 - used "upper cut-off point" limit for per capita domestic product was US\$427); low literacy rate (20 per cent or less of the population old enough to read); and low proportion of manufacturing in total output (share of manufacturing in total gross domestic product of 10 per cent or less). At present there are 42 LDCs: Afghanistan, Bangladesh, Benin, Bhutan, Botswana, Burkina Faso, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Democratic Yemen, Djibouti, Equatorial Guinea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Malawi, Maldives, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Samoa, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu and Yemen.

Despite efforts by the LDCs and their development partners, the socio-economic conditions of the LDCs as a group continued to deteriorate in the 1980s though some progress was made by a few of them. The causes for the poor performance of the LDCs are mainly the adverse external environment, policy shortcomings and the interaction between the two. The international economic environment of the 1980s has been detrimental to the LDCs. Fluctuations along a declining trend in world prices for raw materials have weakened LDCs' export earnings and their import and debt-servicing capacity. In addition, real resource transfers declined by more than a quarter during

the decade. At the domestic level, there have been several shortcomings in regard to long-term structural changes as well as in macro-economic policies. Development objectives and plans have not often been buttressed by adequate implementation mechanisms and institutions.

It is against this background that the General Assembly of the United Nations decided to convene the second UN Conference on the Least Developed Countries. At the invitation of the Government of France, the Conference will take place in Paris from 3 to 14 September 1990 with a twofold mandate: to review progress at the country level and in international support measures, on the one hand, and to identify and adopt appropriate policies and measures to accelerate development in the LDCs in the 1990s, on the other.

The Paris Conference will provide a unique opportunity for the international community to agree on a programme of action for the LDCs for this decade, which should lay the foundation of their accelerated development and at the same time assist them in their efforts to alleviate poverty in their respective countries.

The UNCTAD secretariat, as was the case in 1981, is responsible for the preparation of the Conference and its Secretary-General, Mr. K.K.S. Dadzie, is the Secretary-General of the Conference. The preparations for the Paris Conference, as described below, have been quite comprehensive.

Donor/Recipient Meeting

The first of the two preparatory meetings convened by the General Assembly to pave the way for the Paris Conference, a Meeting of Governmental Experts of Donors Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, was held at Geneva from 22 to 31 May 1989. The deliberations of the meeting - attended by 77 States and 26 institutions - were summarized in a statement by the Chairman, which was considered to represent a good basis for future work by Governments.

In his statement, the Chairman observed that there had been a broad measure of agreement on the three main topics, i.e. the assessment of the socio-economic situation in the LDCs; the likely requirements of these countries during the 1990s; and the national and international measures needed to accelerate the development of the LDCs during the next decade.

In respect of the key issues of international financial support for the LDCs in the 1990s, the Chairman perceived a general agreement that in order to achieve the objectives of structural adjustment programmes and to cater for the long-term development of LDCs, a significant mobilization of additional financial resources was called for. All delegations recognized the need to achieve concrete and practical results in this regard during the Paris Conference. There was also general agreement that many LDCs faced serious debt-servicing difficulties and that a series of debt-relief measures deserved serious consideration.

The Chairman emphasized that the inadequacy and fragility of physical and institutional infrastructure remained a major obstacle for LDC development. The need for establishing mechanisms to alleviate the social costs of austerity programmes on vulnerable groups was particularly felt. The development of human resources, including the promotion of the role of women in development, was an essential pre-requisite for the socio-economic development of the LDCs.

The informal Copenhagen meeting

In the framework of the preparations for the Paris Conference, Senior

Experts on LDCs met informally in Copenhagen from 22 to 24 November 1989. This meeting, organized by the Government of Denmark in close collaboration with the UNCTAD secretariat, brought together senior officials from LDCs, donor countries and financial institutions.

The Copenhagen meeting brought out a general agreement on the need to formulate an international programme of action in favour of the LDCs for the 1990s; on the priorities of such a programme; and on the necessity of commitments to ensure its success. Integrated rural development as well as the promotion of primary education, in particular, were considered to be of prime importance in order to restore development in the LDCs.

Participants shared the view that adjustment programmes were necessary in many LDCs but these ought to satisfy several conditions: be formulated by the countries concerned; be geared to long-term development objectives and take into account social implications; and be reviewed and adapted as appropriate. Complementarity between domestic reform efforts and external support for these efforts was crucial; complementarity did not imply conditionality. It was stressed that the provision of resources from the international community should be based on clear and long-term commitments.

Another proposal was that a distinction be made in the new programme of action between the measures applying to all LDCs and those pertaining to groups of LDCs sharing specific common problems. To ensure proper implementation of the programme, existing follow-up mechanisms at national level should be improved and, at the global level, the UNCTAD Inter-governmental Group on the LDCs would meet every 2-3 years to review the implementation of the new programme of action.

Preparations at the regional level

The Dhaka Ministerial Meeting

The Ministers of the LDCs meeting, which was convened in Dhaka, Bangladesh (10-12 February 1990), aimed at undertaking a comprehensive assessment of the socio-economic trends in LDCs during the 1980s and their overall requirements for the 1990s, with a view to formulating concrete measures for implementation at the national and international levels. The meeting adopted the Dhaka Declaration and its annex the Dhaka Document which constitute the common position of LDCs on issues to be addressed by the Conference. The Ministers expressed deep concern at the deteriorating socio-economic situation in the LDCs, and the increasing marginalization of their position in the world economic score, even after a decade of the adoption of the SNPA, the main objectives of which remain valid.

The Ministers reiterated that the LDCs themselves have the primary responsibility for their socio-economic development. The Ministers underscored action in the following areas: poverty alleviation; structural adjustment measures; mobilization of domestic savings; development and mobilization of human resources and social development; modernization of the economic base; environment; natural disasters; and the indigenous enterprise and public sector. They stressed, however, that while the success of their development programmes during the 1990s will depend heavily on their own efforts, LDCs would continue to depend critically on the supportive external economic environment and adequate assistance from the international community. In this regard they emphasized the importance of the Conference reaffirming the target of 0.15 per cent of donors' GNP as ODA for LDCs or doubling their current ODA levels to these countries within an agreed timeframe. They called for the total write off all LDCs debt owed to all creditors immediately.

The Ministers expected that the forthcoming Paris Conference would

formulate and adopt an effective Plan of Action for LDCs for the decade of 1990. They also stressed the need for effective follow-up and monitoring of such a Plan. They strongly believed that UNCTAD should continue to serve as focal point for the review and appraisal of the implementation of the Programme of Action for the 1990s and as such its role should be strengthened.

Preparations at the regional level

E C A

The Conference of Ministers of African LDCs devoted its ninth meeting, held at Addis Ababa on 4 and 5 April 1989, to the preparations for the Paris Conference. The Ministers called for the adoption of a comprehensive action programme for the LDCs for the 1990s with the underlying themes of poverty alleviation and providing for the basic needs of the population of these countries. Moreover, they considered it necessary to launch an immediate action programme for the period 1991 - 1993 as a component of the comprehensive action programme for the next decade.

ESCAP

The urgent need to formulate an appropriate action programme for the 1990s for the LDCs was also expressed by ESCAP, at its annual session held at Bangkok from 27 March to 5 April 1989. Subsequently, an Expert Group Meeting of the ESCAP region, devoted to the preparation for the Paris Conference, met from 9 to 13 October 1989. The experts emphasized the need for an immediate programme of action for alleviating poverty, ensuring food security and removal of hunger. The experts recommended that much greater attention should be paid to the identification and augmentation of complementary resources, in particular human resources such as skilled labour, management expertise and sound institutional infrastructures.

Preparatory experts' meetings

The Secretary-General of UNCTAD, in his capacity of Secretary-General of the second United Nations Conference on the Least Developed Countries, convened a series of issue-oriented sectoral meetings.

Enterprise sector

As the first in this series of experts' meetings, UNCTAD, in collaboration with the Government of Finland, organized in Helsinki from 4 to 6 April 1989 a high-level experts' meeting on the Role of the Enterprise Sector in the Development of the LDCs. The main purpose of the meeting was to advise on ways and means of strengthening enterprise development in these countries. The experts considered the measures to be taken in various areas, including appropriate macro-economic policies and the creation of a supportive environment, the promotion of indigenous entrepreneurship, human resource development, development and strengthening of financial markets and investment incentives.

The experts presented the outcome of their discussions in the form of agreed conclusions and recommendations (UNCLDC II/2). Each LDC was urged to devise a package of measures in order to create a favourable domestic environment, allowing competition to improve efficiency and encourage the development of indigenous enterprises. In parallel, the experts called for

external financial and technical assistance in support of action to enterprise development taken at the national level in the LDCs; the relevance of strengthening South-South co-operation for enterprise development was also stressed.

NGOs

Another experts' meeting focused on the role of non-governmental organizations (NGOs) in the development of the LDCs. Organised by UNCTAD in collaboration with the German Foundation for International Development (West Berlin), it was hosted by the Government of Nepal in Kathmandu from 8 to 10 November 1989. The holding of this meeting was prompted by the rapidly increasing involvement of international NGOs in the development processes of developing countries and, in particular, on account of the very real stake of NGOs of least developed countries in the development of their own countries.

The conclusions and recommendations adopted by the Kathmandu meeting (UNCLDC II/3) noted that the distinguishing feature of NGOs' contribution to the development of less privileged population was the nature of their aid and particularly the manner in which it was channelled. In the view of the experts the true effectiveness of NGOs resulted from the fact that it could interact directly with less privileged populations so as to assist them in taking responsibility for their own development.

NGOs of developed countries were encouraged to engage in policy dialogue with donor governments in preparation of the 1990 Conference and to strengthen their role in raising public awareness of the development problems of LDCs. They were also called to support the institutional strengthening of LDC NGOs as well as the development projects and programmes implemented by the latter.

The participants in the Kathmandu meeting considered that the activities of the NGOs should be conducted within the framework of national development priorities and that, to ensure consistency with these priorities, it was desirable to establish focal points for NGOs at the national and/or local level.

Women

An experts' meeting on the Role of Women in the Development of the LDCs took place in Niamey from 29 to 31 January 1990. This meeting, hosted by the Government of Niger, was organized by UNCTAD, with financing from Canada, the Netherlands and Norway. Its purpose was to formulate recommendations for action aimed at strengthening women's role and participation both as agents in, and beneficiaries of, development.

Amongst the main constraints affecting women's role which were identified by the meeting were their inequality of access to education and training and, therefore, to employment as well as to the means of production; the lack of recognition of women's work especially in the informal sector; and the absence of clear policies for the integration of women in the development process. Moreover, international co-operation programmes, in the opinion of experts, do not respond enough to the needs and priorities of women, and in particular, structural adjustment programmes had produced extremely harmful effects on women.

Concrete recommendations to address the constraints faced by women in LDCs in their development efforts at both the national and international level were put forward by the Niamey meeting (UNCLDC II/5). They related especially to ways and means of raising women's socio-economic status, improving women's working conditions, enhancing their access to credit, land and technology, education, training, health and social services, measures to ensure a greater participation of women in decision-making and development planning and in

environmental programmes as well as measures to address women's dimension in structural adjustment programmes. It was also recommended that bilateral and multilateral donors and intergovernmental organisations strengthen their support to programmes directed to women in LDCs and that a programme for women be explicitly included in the Programme of Action for the LDCs in the 1990s.

Countries of Eastern Europe

A Symposium on Trade, Technical and Economic Co-operation between the LDCs and the Countries of Eastern Europe was held in Moscow from 28 February to 2 March 1990. It was convened by the Secretary-General of UNCTAD, with the financial support of the Government of the USSR, to assist in the preparation for the Paris Conference.

The Symposium focused on some key areas where these countries could make an important contribution to the efforts of the LDCs to accelerate growth and development. The participants assessed the existing mechanism governing economic relations between the two groups of countries and explored new options and possibilities: enterprise to enterprise co-operation, joint ventures, tripartite economic co-operation and co-operation at the sub-regional level (UNCLDC II/6). Participants reviewed certain difficulties which have limited the full realization of the potential that exists for co-operation between Eastern European countries and LDCs. Proposals were made to overcome these difficulties in order to enhance the process of co-operation in the 1990s.

In considering the priorities for the 1990s, the participants endorsed the idea of a "selective approach" for LDCs' development in the decade. Such an approach entails designation of particular sectors critical to the development of LDCs to be accorded high priority in the allocation of national and international resources.

As regards the current developments in Eastern Europe, participants were concerned that these might adversely affect North-South co-operation, in general, and East-South co-operation, in particular. A view was expressed that the new emerging political climate in East-South relations and in particular the move towards restructuring the USSR's economic relationships with the rest of the world would bear a positive impact and open new potentialities for trade with LDCs.

THREE MAJOR UNCTAD REPORTS ON LDCS

The Least Developed Countries, 1989 Report, provides a detailed survey of socio-economic developments in the LDCs during the 1980s, as well as of progress in the implementation of international support measures in favour of these countries. It also discusses the challenges facing LDCs and their development partners in the 1990s and suggests a series of pointers for future action.

This is the sixth annual report prepared by the UNCTAD secretariat as a contribution to the global monitoring exercise related to the implementation of the SNPA. As in the previous editions, the report contains the Basic Data on the Least Developed Countries. The 1989 Report is thus intended to serve as a reference document for policy makers and researchers.

The report notes that the 1980s were a period of setbacks and retrogression for the LDCs as a group. Despite national and international efforts on behalf of the LDCs, most of the SNPA targets were not achieved. The SNPA had set an annual GDP growth target of 7.2 per cent for the LDCs; the actual average rate was 2.3 per cent, implying a deterioration in per capita terms. The SNPA had set an annual growth target of 4 per cent for agricultural production: the actual rate was 2 per cent. Food production failed to match

population growth, with average per capita production declining by 0.8 per cent per annum during 1980-1988. The SNPA had called for manufacturing output to grow at an annual rate of at least 9 per cent: the actual rate was 2 per cent, less than half of the growth rate reached during the 1970s. Within this generally dismal picture, however, some LDCs managed to achieve GDP growth rates above population expansion and achieved targets for the annual growth of agricultural production and manufacturing output.

The report shows that the dismal performance of LDCs in the course of the last decade results from a lack both of coherence in domestic development policies and of adequate international support to these countries. The report identifies several pointers to guide the formulation of an international programme of action for the LDCs for the 1990s.

A favourable and supportive external environment, the report stressed, is essential to ensure rapid and sustainable growth. Such environment relates in particular to conditions in world commodity markets and compensation for export earnings shortfalls, to debt relief and to international financial support in order to ensure continuity of the development programmes implemented by LDCs. The report stresses the importance of appropriate follow-up mechanisms in order to facilitate the realization of the objectives for LDCs in the 1990s.

The study on Aid Co-ordination and Effectiveness: Least Developed Countries 1981-1989 (UNCLDC II/4) prepared by two UNCTAD consultants, Mr. Devendra R. Panday and Mr. Maurice Williams, is a further contribution to the preparations for the Paris Conference. The aim of the study was to assess the arrangements for implementation, follow-up and monitoring of the SNPA, in particular the role played by consultative and aid groups and round-table meetings, and to elaborate recommendations to strengthen these arrangements during the 1990s. The Government of Italy provided financial support for this study.

The authors of the study conclude that there has been progress in the co-ordination of aid since the 1981 Conference on the LDCs, but that the contribution of this process in increasing the effectiveness of aid has yet to be fully realized. They identify a number of issues which need to be addressed in the aid co-ordination process. Among these issues are the need for the LDCs and their development partners to focus on better formulated strategies covering a longer period than the current structural adjustment programmes, and the need to redirect co-operation and assistance in ways that build LDC capacities to more effectively manage the totality of resources available to them. The study presents specific recommendations to this effect.

The 1989 UNCTAD Trade and Development Report is partly devoted to the LDCs. It questions the efficacy and adequacy of ongoing adjustment programmes in LDCs. It states that in concentrating on short-term objectives including debt service, the adjustment strategies have not, generally, succeeded in facilitating the development of a favourable environment in which future long-run development can take place.

A major shortcoming of current adjustment strategies is that they may have neglected to develop the longer-run potential of the agricultural sector both as a means of satisfying basic needs and as a dynamic export sector. The report maintains that the agricultural sector will remain the sector determining growth and employment creation and recovery for most LDCs. The report also argues that greater emphasis should be placed on human resource potential and on building infrastructure in the interest of long-term development.

Increased debt relief, more flexible policy conditionality, increased and

improved aid flows and compensatory financing, as well as better market access are cited in the report as major requirements in order for LDCs to move into long-term development. It stresses, in particular, the obstacle to development represented by debt burdens, mainly owed to governments and international financial institutions. The report also notes that while LDCs have striven to liberalize their trade as part of the adjustment process, their exports were confronting protectionist barriers.

The UNCTAD Intergovernmental Group on the Least Developed Countries - convened by the General Assembly to serve as Preparatory Committee for the Paris Conference - is scheduled to meet at Geneva from 26 March to 6 April 1990. It will consider the substantive preparation for the Conference on the basis of the report of the above-mentioned meeting, and of the other relevant inputs. The next Information Note will report on the outcome of this meeting. Similarly, the following Information Note will report on the outcome of the Intergovernmental Meeting on National and International Action for the LDCs in the ESCAP Region in the 1990s (Bangkok, 19-23 February 1990).

The Least Developed Countries, 1988 Report and the Trade and Development Report, 1989 are available for reference at all United Nations Information Centres. They may also be obtained from bookstores, or from the United Nations Sales Section in New York and Geneva.

CALENDAR OF MAIN EVENTS RELATING TO THE PREPARATIONS FOR THE
SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES, 1990

Date	Event/Activity	
<u>1988</u>		
18-19 April Athens	International Round Table on the Socio-Economic Development of the LDCs	Organized by the Greek National Organizing Campaign within the framework of the European Public Campaign on North-South Interdependence and Solidarity, in collaboration with UNCTAD.
16-17 May Geneva	Inter-Agency Consultations on the LDCs	Organized by the Director-General for Development and International Economic Co-operation and the Secretary-General of UNCTAD.
15-16 Sept. The Hague	Meeting of Eminent Persons on the LDCs	Organized by UNCTAD in collaboration with the Government of the Netherlands.
November New York	Review of the preparations for the Conference by the General Assembly	Report by the Secretary-General of the United Nations.
1988/89	Preparation of country presentations by the LDC	Country presentations will be made available to the Preparatory Committee in March 1990.
<u>1989</u>		
4-5 April Addis Ababa	Ninth Meeting of Ministers of African LDCs	Organized by the Economic Commission for Africa. The meeting was devoted specially to the preparation of the Conference.
4-6 April Helsinki	High Level Experts' Meeting on the Role of the Enterprise Sector in the Development of the LDCs	Organized by UNCTAD in collaboration with the Government of Finland.
22-31 May Geneva	Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the LDCs.	Organized by UNCTAD.
June	Publication of The Least Developed Countries, 1988 Report.	Prepared by the UNCTAD secretariat.
August	Publication of the Trade and Development Report 1989 (Part II devoted to the LDCs)	Prepared by the UNCTAD secretariat.

19-20 Sep.	Inter-Agency Consultations on the LDCs	Organized by the Director-General for Development and International Economic Co-operation and the Secretary-General of UNCTAD.
9-13 Oct. Bangkok	Meeting of the Group of Experts on Asian/Pacific LDCs	Organized by the Economic and Social Commission for Asia and the Pacific.
Sept./Dec. New York	Review of the preparations for the Conference by the General Assembly	Report by the Secretary-General of the United Nations.
8-10 Nov. Kathmandu	Meeting on the Role of Non-Governmental Organizations in the Development of the LDCs	Organized by UNCTAD in collaboration with the German Foundation for International Development.
22-24 Nov. Copenhagen	Meeting of Senior Experts on LDCs	Organized by the Government of Denmark in collaboration with UNCTAD.

1990

29-31 Jan. Niamey	Meeting on the Role of Women in the Development of the LDCs	Organized by UNCTAD.
10-12 Feb. Dhaka	Ministerial Meeting of the Least Developed Countries	Hosted by the Government of Bangladesh.
19-23 Feb. Bangkok	Inter-governmental Meeting on National and International Action for the LDCs in the ESCAP Region in the 1990s.	Organized by the Economic and Social Commission for Asia and the Pacific.
28 Feb. - 2 March Moscow	Symposium on Trade, Technical and Economic Co-operation between the LDCs and the Countries of Eastern Europe	Organized by UNCTAD in collaboration with the Government of the USSR.
26 March - 6 April Geneva	UNCTAD Inter-governmental Group on the LDCs (Preparatory Committee for the Conference)	Organized by UNCTAD.
April Addis Ababa	Tenth Meeting of Ministers of African LDCs	Organized by the Economic Commission for Africa. This meeting will be devoted specially to the preparation of the Conference.
June	Publication of the Least Developed Countries, 1989 Report	Prepared by the UNCTAD secretariat.
June	Publication of the Report to the Conference of the LDCs	Prepared by the UNCTAD secretariat.
30-31 Aug. Paris	Senior Officials' Consultations	Hosted by the Government of France.
3-14 Sept. Paris	Second United Nations Conference on the Least Developed Countries	Hosted by the Government of France.